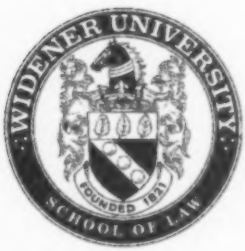
# THE DELAWARE JOURNAL OF CORPORATE LAW




VOLUME 33
2008

TABLE OF LEADING ARTICLES—AUTHORS


*Page*

ALEXANDER, FREDERICK H. AND JAMES D. HONAKER, *Power to the Franchise or the Fiduciaries?: An Analysis of the Limits on Stockholder Activist Bylaws* ..... 749

ARMOUR, JOHN, BRIAN CHEFFINS AND, *The Eclipse of Private Equity* ..... 1

BIRDTHISTLE, WILLIAM A., *The Fortunes and Foibles of Exchange-Traded Funds: A Positive Market Response to the Problems of Mutual Funds* ..... 69

CHEFFINS, BRIAN AND JOHN ARMOUR, *The Eclipse of Private Equity* ..... 1

CONAWAY, ANN E., *Lessons to be Learned: How the Policy of Freedom to Contract in Delaware's Alternative Entity Law Might Inform Delaware's General Corporation Law* .... 789

FRIEDLANDER, JOEL EDAN, *Overturn* Time-Warner *Three Different Ways* ..... 631

GANOR, MIRA, *Why Do Managers Dismantle Staggered Boards?* ..... 149

HAMERMESH, LAWRENCE A., *Introduction: The Delaware General Corporation Law for the 21st Century* ..... 611

HILL, JENNIFER G., *Regulatory Show and Tell: Lessons From International Statutory Regimes* ..... 819

HONAKER, JAMES D., FREDERICK H. ALEXANDER AND, *Power to the Franchise or the Fiduciaries?: An Analysis of the Limits on Stockholder Activist Bylaws* ..... 749

TABLE OF LEADING ARTICLES—AUTHORS
(Continued)

LASTER, J. TRAVIS, *Goodbye to the Contemporaneous Ownership Requirement* ..... 673

MCDONNELL, BRETT H., *Bylaw Reforms for Delaware's Corporation Law* ..... 651

NOWICKI, ELIZABETH A., *Director Inattention and Director Protection Under Delaware General Corporation Law Section 102(b)(7): A Proposal for Legislative Reform* ... 695

ROHRBACHER, BLAKE, JOHN MARK ZEBERKIEWICZ, AND THOMAS A. UEBLER, *Finding Safe Harbor: Clarifying the Limited Application of Section 144* ..... 719

SAUNDERS, ROBERT S., EDWARD P. WELCH AND, *Freedom and its Limits in the Delaware General Corporation Law* ... 845

SHARFMAN, BERNARD S., *The Enduring Legacy of* Smith v. Van Gorkom ..... 287

SIEMS, MATHIAS M., *Shareholder Protection Around the World (Leximetric II)* ..... 111

THOMPSON, ROBERT B., *Defining the Shareholder's Role, Defining a Role for State Law: Folk at 40* ..... 771

TOLSON, FRANITA, *The Boundaries of Litigating Unconscious Discrimination: Firm-Based Remedies in Response to a Hostile Judiciary* ..... 347

UEBLER, THOMAS A., *Shareholder Police Power: Shareholders' Ability to Hold Directors Accountable for Intentional Violations of Law* ..... 199

UEBLER, THOMAS A., BLAKE ROHRBACHER, JOHN MARK ZEBERKIEWICZ, AND, *Finding Safe Harbor: Clarifying the Limited Application of Section 144* ..... 719

TABLE OF LEADING ARTICLES—AUTHORS
(Continued)

VINCENT, CHARLES B., AMY Y. YEUNG AND, *Delaware's "No-Go" Treatment of No-Talk Provisions: Deal-Protection Devices After* Omnicare ..... 311

WELCH, EDWARD P. AND ROBERT S. SAUNDERS, *Freedom and its Limits in the Delaware General Corporation Law* ..... 845

YEUNG, AMY Y. AND CHARLES B. VINCENT, *Delaware's "No-Go" Treatment of No-Talk Provisions: Deal-Protection Devices After* Omnicare ..... 311

ZEBERKIEWICZ, JOHN MARK, AND THOMAS A. UEBLER, BLAKE ROHRBACHER, *Finding Safe Harbor: Clarifying the Limited Application of Section 144* ..... 719

## TABLE OF LEADING ARTICLES—TITLES


*Page*

THE BOUNDARIES OF LITIGATING UNCONSCIOUS DISCRIMINATION: FIRM-BASED REMEDIES IN RESPONSE TO A HOSTILE JUDICIARY. *Franita Tolson* ..... 347

BYLAW REFORMS FOR DELAWARE'S CORPORATION LAW. *Brett H. McDonnell* ..... 651

DEFINING THE SHAREHOLDER'S ROLE, DEFINING A ROLE FOR STATE LAW: FOLK AT 40. *Robert B. Thompson* ..... 771

DELAWARE'S "NO-GO" TREATMENT OF NO-TALK PROVISIONS: DEAL-PROTECTION DEVICES AFTER *OMNICARE*. *Amy Y. Yeung and Charles B. Vincent* ..... 311

DIRECTOR INATTENTION AND DIRECTOR PROTECTION UNDER DELAWARE GENERAL CORPORATION LAW SECTION 102(b)(7): A PROPOSAL FOR LEGISLATIVE REFORM. *Elizabeth A. Nowicki* ..... 695

THE ECLIPSE OF PRIVATE EQUITY. *Brian Cheffins and John Armour* ..... 1

THE ENDURING LEGACY OF *SMITH V. VAN GORKOM*. *Bernard S. Sharfman* ..... 287

FINDING SAFE HARBOR: CLARIFYING THE LIMITED APPLICATION OF SECTION 144. *Blake Rohrbacher, John Mark Zeberkiewicz, and Thomas A. Uebler* ..... 719

THE FORTUNES AND FOIBLES OF EXCHANGE-TRADED FUNDS: A POSITIVE MARKET RESPONSE TO THE PROBLEMS OF MUTUAL FUNDS. *William A. Birdthistle* ..... 69

FREEDOM AND ITS LIMITS IN THE DELAWARE GENERAL CORPORATION LAW. *Edward P. Welch and Robert S. Saunders* . 845

TABLE OF LEADING ARTICLES—TITLES
(Continued)

GOODBYE TO THE CONTEMPORANEOUS OWNERSHIP REQUIREMENT. *J. Travis Laster* ..... 673

INTRODUCTION: THE DELAWARE GENERAL CORPORATION LAW FOR THE 21ST CENTURY. *Lawrence A. Hamermesh* ..... 611

LESSONS TO BE LEARNED: HOW THE POLICY OF FREEDOM TO CONTRACT IN DELAWARE'S ALTERNATIVE ENTITY LAW MIGHT INFORM DELAWARE'S GENERAL CORPORATION LAW. *Ann E. Conaway* ..... 789

OVERTURN *TIME-WARNER* THREE DIFFERENT WAYS. *Joel Edan Friedlander* ..... 631

POWER TO THE FRANCHISE OR THE FIDUCIARIES?: AN ANALYSIS OF THE LIMITS ON STOCKHOLDER ACTIVIST BYLAWS. *Frederick H. Alexander and James D. Honaker* ..... 749

REGULATORY SHOW AND TELL: LESSONS FROM INTERNATIONAL STATUTORY REGIMES. *Jennifer G. Hill* ..... 819

ROUNDTABLE DISCUSSION: COMMENTARY FROM THE DELAWARE CORPORATION LAW REVISION COMMITTEE ..... 619

SHAREHOLDER POLICE POWER: SHAREHOLDERS' ABILITY TO HOLD DIRECTORS ACCOUNTABLE FOR INTENTIONAL VIOLATIONS OF LAW. *Thomas A. Uebler* ..... 199

SHAREHOLDER PROTECTION AROUND THE WORLD (LEXIMETRIC II). *Mathias M. Siems* ..... 111

WHY DO MANAGERS DISMANTLE STAGGERED BOARDS? *Mira Ganor* ..... 149

## TABLE OF NOTES/COMMENTS—TITLES


*Page*

REWARDING INTEGRITY: THE STRUGGLE TO PROTECT DECENTRALIZED FRAUD ENFORCEMENT THROUGH THE PUBLIC DISCLOSURE BAR OF THE FALSE CLAIMS ACT. *Linda J. Stengle*, Note ..... 471

SATELLITE RADIO MONOPOLY. *Joel D. Corriero*, Comment .... 423

*WEISSMAN V. NASD*: PIERCING THE VEIL OF ABSOLUTE IMMUNITY OF AN SRO UNDER THE SECURITIES EXCHANGE ACT OF 1934. *Craig J. Springer*, Comment ..... 451

CASE INDEX

---


*Page*

*IN RE* BEAR STEARNS COS., INC. SHAREHOLDER LITIGATION, No. 3643-VCP (Consolidated) (Del. Ch. Apr. 9, 2008). PARSONS, *Vice Chancellor* ..... 515

BEAZER HOMES USA, INC., GARY v., No. 3537-VCS (Del. Ch. June 11, 2008). STRINE, *Vice Chancellor* ..... 904

BERGER v. PUBCO CORP., No. 3414-CC (Del. Ch. May 30, 2008). CHANDLER, *Chancellor* ..... 873

CNET NETWORKS, INC., JANA MASTER FUND, LTD. v., No. 3447-CC (Del. Ch. Mar. 13, 2008). CHANDLER, *Chancellor* ..... 565

*IN RE* COCA-COLA ENTERPRISES, INC. SHAREHOLDERS LITIGATION, No. 1927-CC (Consolidated) (Del. Ch. Oct. 17, 2007). CHANDLER, *Chancellor* ..... 227

COUNTRYSIDE FINANCIAL CORP., LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM v., No. 2608-VCN (Del. Ch. Oct. 2, 2007). NOBLE, *Vice Chancellor* ..... 263

DAVID P. SIMONETTI ROLLOVER IRA v. MARGOLIS, No. 3694-VCN (Del. Ch. June 27, 2008). NOBLE, *Vice Chancellor* ..... 882

EMERSON, NELSON v., No. 2937-VCS (Del. Ch. May 6, 2008). STRINE, *Vice Chancellor* ..... 940

ESC FUND MANAGEMENT CO. (U.S.), INC., FORSYTHE v., No. 1091-VCL (Del. Ch. Oct. 9, 2007). LAMB, *Vice Chancellor* ..... 239

FORSYTHE v. ESC FUND MANAGEMENT CO. (U.S.), INC., No. 1091-VCL (Del. Ch. Oct. 9, 2007). LAMB, *Vice Chancellor* ..... 239

GANTLER v. STEPHENS, No. 2392-VCP (Del. Ch. Feb. 14, 2008). PARSONS, *Vice Chancellor* ..... 528

GARY v. BEAZER HOMES USA, INC., No. 3537-VCS (Del. Ch. June 11, 2008). STRINE, *Vice Chancellor* ..... 904

HILLMAN, VENHILL LIMITED PARTNERSHIP v., No. 1866-VCS (Del. Ch. June 3, 2008). STRINE, *Vice Chancellor* .. 982

CASE INDEX
(Continued)

JACKSON WALKER L.L.P. v. SPIRA FOOTWEAR, INC., No. 3150-VCP (Del. Ch. June 23, 2008). PARSONS, *Vice Chancellor* ..... 911
JANA MASTER FUND, LTD. v. CNET NETWORKS, INC., No. 3447-CC (Del. Ch. Mar. 13, 2008). CHANDLER, *Chancellor* ..... 565
LEVITT CORP. v. OFFICE DEPOT, INC., No. 3622-VCN (Del. Ch. Apr. 14, 2008). NOBLE, *Vice Chancellor* ..... 579
LONDON v. TYRRELL, No. 3321-CC (Del. Ch. June 24, 2008). CHANDLER, *Chancellor* ..... 929
LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM v. COUNTRYSIDE FINANCIAL CORP., No. 2608-VCN (Del. Ch. Oct. 2, 2007). NOBLE, *Vice Chancellor* ..... 263
MARGOLIS, DAVID P. SIMONETTI ROLLOVER IRA v., No. 3694-VCN (Del. Ch. June 27, 2008). NOBLE, *Vice Chancellor* ..... 882
MIDLAND GRANGE NO. 27 PATRONS OF HUSBANDRY v. WALLS, No. 2155-VCN (Del. Ch. Feb. 28, 2008). NOBLE, *Vice Chancellor* ..... 591
NELSON v. EMERSON, No. 2937-VCS (Del. Ch. May 6, 2008). STRINE, *Vice Chancellor* ..... 940
OFFICE DEPOT, INC., LEVITT CORP. v., No. 3622-VCN (Del. Ch. Apr. 14, 2008). NOBLE, *Vice Chancellor* ..... 579
PENFIELD PARTNERS, L.P., SCHUSS v., No. 3132-VCP (Del. Ch. June 13, 2008). PARSONS, *Vice Chancellor* ..... 960
PUBCO CORP., BERGER v., No. 3414-CC (Del. Ch. May 30, 2008). CHANDLER, *Chancellor* ..... 873
SCHUSS v. PENFIELD PARTNERS, L.P., No. 3132-VCP (Del. Ch. June 13, 2008). PARSONS, *Vice Chancellor* ..... 960
SPIRA FOOTWEAR, INC., JACKSON WALKER L.L.P. v., No. 3150-VCP (Del. Ch. June 23, 2008). PARSONS, *Vice Chancellor* ..... 911
STEPHENS, GANTLER v., No. 2392-VCP (Del. Ch. Feb. 14, 2008). PARSONS, *Vice Chancellor* ..... 528
SUTHERLAND v. SUTHERLAND, No. 2399-VCL (Del. Ch. May 29, 2008). LAMB, *Vice Chancellor* ..... 977

SUTHERLAND, SUTHERLAND v., No. 2399-VCL (Del. Ch. May 29, 2008). LAMB, *Vice Chancellor* ..... 977
TYRRELL, LONDON v., No. 3321-CC (Del. Ch. June 24, 2008). CHANDLER, *Chancellor* ..... 929
VENHILL LIMITED PARTNERSHIP v. HILLMAN, No. 1866-VCS (Del. Ch. June 3, 2008). STRINE, *Vice Chancellor* .. 982
WALLS, MIDLAND GRANGE NO. 27 PATRONS OF HUSBANDRY v., No. 2155-VCN (Del. Ch. Feb. 28, 2008). NOBLE, *Vice Chancellor* ..... 591

## STATUTES CONSTRUED[1]


DEL. CODE ANN. tit. 6

§ 17-101 to 17-1111 ..... 960
§ 17-605 ..... 960
§ 17-606 ..... 960
§ 17-606(a) ..... 960
§ 17-607 ..... 960
§ 17-804 ..... 960
§ 17-1101(d) ..... 960
§ 17-1101(f) ..... 960

DEL. CODE ANN. tit. 8

§ 102(b)(7) ..... 940, 982
§ 141(a) ..... 565
§ 145 ..... 911
§ 145(a) ..... 911
§ 145(e) ..... 911
§ 145(k) ..... 911
§ 152 ..... 929
§ 157 ..... 929
§ 157(b) ..... 929
§ 211-233 ..... 579
§ 211(b) ..... 565, 579
§ 212 ..... 565
§ 220 ..... 528, 565
§ 220(b) ..... 263
§ 220(c) ..... 263
§ 222(a) ..... 565, 579
§ 242 ..... 528
§ 242(b)(1) ..... 528
§ 253 ..... 873
§ 253(a) ..... 873
§ 262 ..... 873
§ 262(d)(2) ..... 873
§ 327 ..... 227, 263

DEL. CODE ANN. tit. 10

§ 3114(a) ..... 528
§ 3114(b) ..... 528
§ 8106 ..... 227

DEL. CODE ANN. tit. 24

§ 4007(a) ..... 591
§ 4019 ..... 591

15 U.S.C.

§ 78n ..... 565
§ 7262 ..... 528

17 C.F.R.

§ 229.1014(a) ..... 528
§ 230.144 ..... 528
§ 230.144(h) ..... 528
§ 239.144 ..... 528
§ 240.14a-1 to .14b-2 ..... 565
§ 240.14a-8 to .14b-2 ..... 565
§ 240.14a-8 ..... 565
§ 240.14a-8(b) ..... 565
§ 240.14a-8(c)-(d) ..... 565
§ 240.14a-8(d) ..... 565
§ 240.14a-8(e)(2) ..... 565
§ 240.14a-8(i) ..... 565
§ 240.14a-8(i)(8) ..... 565


[1]Page reference is to the first page of the case in which the statute or rule is construed.

## RULES OF COURT[1]


Del. Court of Chancery Rule 8 ..... 929
Del. Court of Chancery Rule 8(a) ..... 227
Del. Court of Chancery Rule 9(b) ..... 929
Del. Court of Chancery Rule 12(b) ..... 940
Del. Court of Chancery Rule 12(b)(2) ..... 528
Del. Court of Chancery Rule 12(b)(6) ... 227, 239, 528, 929, 940, 960
Del. Court of Chancery Rule 12(c) ..... 579
Del. Court of Chancery Rule 23.1 ..... 528, 929
Del. Court of Chancery Rule 23.1(a) ..... 929
Del. Court of Chancery Rule 54 ..... 977
Del. Court of Chancery Rule 54(d) ..... 591
Del. Court of Chancery Rule 56 ..... 904, 977
Del. Court of Chancery Rule 56(c) ..... 911
Del. Court of Chancery Rule 56(e) ..... 911
Del. Court of Chancery Rule 56(h) ..... 911
Del. Court of Chancery Rule 59(f) ..... 977
Del. Court of Chancery Rule 144 ..... 528
Del. R. Evid. 201 ..... 528
Del. R. Evid. 201(b) ..... 528
Fed. R. Civ. P. 60(b) ..... 940
Fed. R. Civ. P. 60(b)(2) ..... 940


[1]Page reference is to the first page of the case in which the statute or rule is construed.